

*Testimony for the US. Senate Committee on Commerce, Science and Transportation
Given by Lee R. Clancey, Mayor of Cedar Rapids, Iowa 4/30/99*

Thank you for the opportunity to speak with you this morning about aviation competition and air service in the state of Iowa. My name is Lee Clancey and I serve as mayor of the City of Cedar Rapids. I want to share with you this morning some information about our state of which you may be unaware, anecdotal reports from constituents and information from the Eastern Iowa Airport in Cedar Rapids about service and fares.

Iowa is known as an agricultural state. It is rare to see any national news media speaking from anywhere else than a farm. It is true that we are grounded in agriculture and that many of our industries are agriculturally based. But we are also a state of many towns and many cities with a diverse and vibrant economy. We are a state of well educated and highly motivated people with the best work ethic you will find anywhere

During the past century our state has experienced very slow, but consistently steady growth. That growth, however, has **not** kept pace with surrounding midwestern states which, in turn, are not keeping pace with the growth of the nation as a whole. And the little growth we have experienced has been concentrated in regional urban centers. This is spite of the fact that there have been significant efforts on the part of individual citizens and cities and the state to recruit businesses and people to our state. Projections for the future are equally dismal with demographers projecting Iowa growth over the next 20 years at about 6%, while they expect the nation to grow about 22% during the same period. Per capita incomes are significantly behind the midwest average, and employment growth has begun to fall behind the nation.

So what does all this have to do with air service and air fares in the state? It is impossible to discuss economic development, tourism and leisure travel, or existing business growth without discussing issues related to both air service and air fares. Anecdotally, I have received letters and phone calls from business and leisure travelers and have myself experienced high fares, lack of options, unexpected and unexplained flight cancellations, and an arrogant and cavalier attitude from the passenger carriers serving the Eastern Iowa Airport. A quick survey of area travel agents last week found that all agencies are currently experiencing passenger diversions including up to 50% of their clients to other airports that are served by discount airlines. These diversions are primarily for purposes of leisure travel and for last minute travelers who cannot afford the air fares.

Business travelers have continued to pay the fares because of the need to save precious amounts of time and the companies pick up the tab. As one constituent put it; "When it costs more to fly to Chicago than to fly to Europe, something is wrong!" Another told me that it cost \$2,200 for 3 business associates to fly to St. Louis for a meeting. I have had legions of constituents state that they have saved hundreds of dollars by driving to the Moline airport, for example, to catch flights as Moline is served by a discount airline. Consequently, other passenger carriers in Moline have followed suit and have lowered fares without any easing of fares at neighboring airports. The perception of my Constituents is that air fares charged to Eastern Iowans are out of line due primarily to a lack of any real competition among the airlines serving the area. This is a serious contributing factor to an inability to attract new business and assist existing businesses to expand.

While I am not, by any means, advocating we return to a regulated environment, I would like to suggest

that there are real and perceived inequities in aviation competition and air service. I have attached for your information a recent summary of airfare comparisons at the Eastern Iowa Airport in Cedar Rapids with airports in Waterloo, Dubuque, Des Moines and Moline. As you can see, there are obvious inequities between fares to the top twenty markets out of the Eastern Iowa Airport.

In addition, I have tried on a number of occasions to meet with airline officials on issues of price and service to no avail. One meeting was even set in Senator Harkin's Washington office and included the senator, Senator Chuck Grassley and Congressman Jim Leach along with a delegation of business people from Cedar Rapids. Representatives from both United and TWA failed to show up after indicating that they would be in attendance. It is this lack of cooperation and partnership that is of concern.

In conclusion, there are both real and perceived inequities in air fares across the state that are impediments to economic development and business growth. In addition, there is a perceived unwillingness on the part of air carriers to work with Iowa airports to correct those inequities. The interest that Congress has taken in this issue is apparent by the fact of these hearings. It is my hope that the airline industry will listen to the concerns expressed during the testimony given, and will respond positively to communities such as mine and states such as Iowa with policies and pricing strategies that are more fair and equitable across the board. Air transportation is absolutely essential to a healthy business economy for this state. We would like to be partners with the airlines for our best interests as well as theirs.